



# Department of Justice

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## **CINCINNATI MAN PLEADS GUILTY TO MORTGAGE FRAUD**

### ***Investigation part of national mortgage fraud crackdown***

CINCINNATI – Eric Philpot, age 40, of Cincinnati, has pleaded guilty in United States District Court here to one count of mail fraud and one count of conspiracy to commit money laundering as part of a scheme he ran that defrauded mortgage lenders out of more than \$200,000 in less than two years.

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio, Jose Gonzalez, Special Agent in Charge, Internal Revenue Service Criminal Investigation, Gerald A. O'Farrell, Assistant Inspector in Charge, United States Postal Inspection Service, and Keith L. Bennett, Special Agent in Charge, Federal Bureau of Investigation, announced the plea entered June 17 before Chief United States District Judge Sandra S. Beckwith.

According to a statement of facts filed with his guilty plea, Philpot solicited people to buy residential properties and helped them secure financing by providing lenders with false information about the buyers' income, source and scope of the down payments and other information. Additionally, Philpot and others involved in the scheme to defraud failed to disclose to the lenders material information about the true nature of the real estate deals so that appropriate business decisions could be made by the lenders. Philpot admitted that, once the loans were approved, he maintained control both of the properties which were often deeded in the name others and the loan proceeds. These actions led to losses for the lenders.

In pleading guilty to the money laundering conspiracy, Philpot also admitted that he fraudulently obtained financing for the sale of one property while he knew he was under federal investigation for mortgage fraud. Through the activities of an associate, Philpot conducted various financial transactions to disguise his true involvement with the criminally obtained money. Several of these money laundering transactions were over \$10,000.

Each crime is punishable by up to 20 years imprisonment, and fines of \$250,000 and \$500,000 respectively. Judge Beckwith will set a date for sentencing.

The charges against Philpot are part of Operation Malicious Mortgage, a coordinated effort between the Department of Justice and federal law enforcement agencies over the past three and one-half months to identify, arrest and prosecute mortgage fraud violators across the United States. Operation Malicious Mortgage highlights the strong enforcement response undertaken by the Department of Justice and its law enforcement partners to combat the threat mortgage fraud poses to the U.S. housing industry and worldwide credit markets.

From March 1 to June 18, 2008, Operation Malicious Mortgage resulted in 144 mortgage fraud cases nationwide in which 406 defendants were charged.

Lockhart commended the cooperative investigation by the Postal Service, the FBI and the IRS Criminal Investigation agents and Assistant U.S. Attorney J. Richard Chema, who is prosecuting the case.

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